

Message Text

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42

ACTION EA-09

INFO OCT-01 ISO-00 EB-07 SS-15 SP-02 L-03 INR-07 /044 W

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FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 1888

C O N F I D E N T I A L BANGKOK 20345

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E.O. 11652: GDS

TAGS: ETRD, TH

SUBJECT: TEXTILE NEGOTIATIONS

REF: STATE 221297

1. CHARGE CALLED ON MINISTER OF COMMERCE THONGYOT CHITTAWIRA SEPT. 26, AT MINISTER'S REQUEST, TO DISCUSS UPCOMING TEXTILE NEGOTIATIONS.

2. MINISTER CITED DEPRESSED STATE OF THAI TEXTILE INDUSTRY, SAID RTG SEES INCREASED EXPORT OF TEXTILES AS MOST PROMISING AVENUE TO OVERCOME CURRENT TRADE DEFICIT, AND URGED THAT USG GIVE CONSIDERATION DURING TALKS TO INCREASING QUOTAS ALLOCTED TO THAILAND.

3. CHARGE SAID US DEL WOULD OF COURSE TAKE INTO CONSIDERATION RTG INTERESTS, AS WELL AS OUR OWN, BUT STRESSED THAT US TEXTILE AND GARMENT INDUSTRIES ARE SUFFERING FROM UNEMPLOYMENT AND IDLE CAPACITY. HE SAID THESE FACTORS WOULD LIMIT USG ABILITY TO INCREASE QUOTAS; BUT, AFTER NOTING THAT IT WAS USG WHICH HAD REQUESTED CONSULTATIONS FOR MULTIFIBER AGREEMENT, SAID US DEL WOULD CONSIDER RTG PROPOSALS IN SPIRIT OF FRIENDSHIP AND WOULD IN ANY EVENT SEEK TO AVOID REDUCTION IN EXISTING QUOTAS OR LEVELS OF EXPORTS.

4. REFERRING TO ISSUE OF COTTON CONTRACTS ON WHICH THAI FIRMS HAVE DEFAULTED, CHARGE SAID THIS SITUATION WOULD FURTHER LIMIT ABILITY OF USG TO ADOPT FORTHCOMING POSITION IN TEXTILE NEGOTIATIONS.

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HE STRESSED THAT WHILE USG WISHED TO HAVE GOOD AND CLOSE RELATIONS

WITH RTG, WE COULD NOT BE PLACED IN POSITION OF EXTENDING INCREASED BENEFITS TO RTG IF THAI FIRMS WHICH HAD DEFAULTED ON CONTRACTS WITH US FIRMS WERE TO BE BENEFICIARIES. MINISTER THONGYOT SAID RTG HAS NO AUTHORITY TO FORCE THAI FIRMS TO PAY UP, BUT WOULD CONTINUE EFFORTS TO PERSUADE THEM TO DO SO. COMPLICATING FACTOR, HE SAID, IS THAT ABOUT 50 PERCENT OF TOTAL OWED TO US FIRMS IS FOR ACCOUNT OF THAI DURABLE CO. WHICH, HE ALLEGED, IS "ON VERGE OF BANKRUPTCY" AND AS RESULT IS "NOW ACTUALLY CONTROLLED BY BANK OF BANGKOK". CHARGE REITERATED THAT WITHOUT RESOLUTION OF CONTRACT PROBLEM WE WOULD FIND IT MOST DIFFICULT TO BE FLEXIBLE IN APPROACHING THIS PROBLEM.

4. COMMENT: WE ASSUME MINISTER THONGYOT SOUGHT MEETING MAINLY AS RESULT OF PRESSURE FROM INDUSTRY TO PUT CASE TO EMBASSY PRIOR TO OPENING OF TALKS. HE SEEMED FULLY AWARE THAT USG HAS SPECIFIC AND REASONABLE OBJECTIVES IN REGARD TO ARTIFICIAL TEXTILES AND GARMENTS, AND THE LEVERAGE TO IMPOSE THEM, IN UPCOMING TALKS. MASTERS

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Message Attributes

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